

**FILE**

August 17, 1990

Office of Development Affairs

Mr. Rashid Seria  
c/o M. Brey & Associates  
1st Floor  
Gateway Center  
Temple Street  
Gatesville 7764

Subject: Support to Tertiary Education Project (674-0309); The  
Desmond Tutu Educational Trust Agreement  
[REDACTED]-G-SS-0032-00

Dear Mr. Seria:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter "USAID") hereby enters into this Agreement with the DESMOND TUTU EDUCATIONAL TRUST (hereinafter "the Recipient"), and obligates the sum of US \$3,000,000.00 to provide support for a program described in Attachment No. 1, entitled "Schedule," and Attachment No. 2, entitled "Program Description," of this Agreement.

This Agreement is effective and obligation is made as of the date of this letter. The Agreement and obligation shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning the date of signature of this letter and ending December 31, 1991.


This Agreement is entered into with the Recipient on condition that the funds will be administered in accordance with the terms and conditions set forth in Attachment 1, "the Schedule," Attachment 2, "Program Description," and Attachment 3, "Standard Provisions." This letter and the three attachments just described, which have been agreed to by your organization, constitute the Agreement.

BEST AVAILABLE COPY

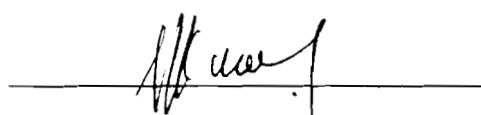
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Please sign the original and one (1) copies of this letter and return the original to USAID/Pretoria.

Sincerely,

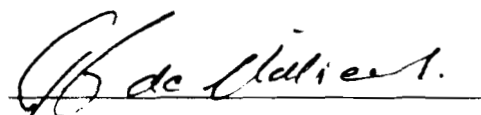
  
Janice M. Weber  
Acting Director

ACKNOWLEDGED AND ACCEPTED



By: Professor Gert Johannes Gerwel  
Title: Trustee

ACKNOWLEDGED AND ACCEPTED



By: Professor Jacques Charl de Villiers  
Title: Trustee

Attachments:

1. Schedule
2. Program Description
3. Standard Provisions
4. Ninety Day Advance (as applicable)
5. A.I.D. Geographic Code 935 List

BEST AVAILABLE DOCUMENT

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FISCAL DATA:

Project Name:	Support to Tertiary Education Project	
Grantee:	Desmond Tutu Educational Trust	
Project Number:	674-0309	
Agreement No:	674-0309-G-SS-0032-00	
Appropriation:	72-1101014	72-110/11037
BPC:	GSSA-90-21674-KG13	GESO-90-21674-KG13
Reservation Contr. No:	B900181	B900231
Amount:	\$43,000	\$2,957,000

Drafted: RYates, PDO

Clearance: DNgatane, PDO *DN*  
CMango, A/SPDO *Draft*  
FMangera, PROG *OK*  
DKeene, RLA *Draft*  
MVanDoren, CONT *Draft*  
DRobertson, A/AD *OK*

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*08/16*

SCHEDULE

## I. OVERVIEW OF AGREEMENT

This Agreement provides funds to the "Student Assistance Fund" of the Desmond Tutu Educational Trust. Funds under this Agreement support increased academic achievement of legally and educationally disadvantaged South African students enrolled at cooperating tertiary institutions that are actively engaged in the process of democratization, i.e. institutional change to accommodate student input in the structuring of the learning environment. Eligible activities or costs under this Agreement include: 1) student support in the form of work-study opportunities, tutorials, student counselling and orientation; and 2) student resources such as textbooks and student study aids.

## II. PERIOD OF AGREEMENT

The effective date of this Agreement is the date the cover letter is signed by an authorized A.I.D. representative. However, eligible costs incurred at or after the commencement of the 1990 academic year may be financed under the Agreement. The expiration date is December 31, 1991, meaning that no USAID funds under this Agreement shall be applicable to goods not furnished or services not performed for the program by this date.

## III. AGREEMENT FUNDING AND PAYMENT

A.I.D. hereby obligates the amount of US \$3,000,000 for program expenditures as shown in the Financial Plan below.

## IV. FINANCIAL MANAGEMENT

A. The Recipient shall be responsible for accounting for all funds provided under this Agreement. The Recipient shall open a separate bank account to be used solely for funds provided under this Agreement. The Recipient shall deposit all USAID cash advances into this separate account and shall make all disbursements for goods and services from this account. Execution of this Agreement constitutes USAID approval of the advance, and for A.I.D.'s internal purposes, earmarks and commits all funds obligated under this Agreement. Any interest earned from funds provided under this Agreement must be returned to USAID.

Each month after the initial advance, the Recipient will submit to the USAID Controller's Office a voucher for reimbursement based on expenses incurred during the previous month. The voucher will consist of two parts:

1. Disbursement Report. A detailed report of disbursements by budget line item. Each report will include:
  - (a) a summary sheet listing, in a format compatible with the budget, the purpose and amount of all individual expenses incurred with a sub-total for each budget line-item and a grand total for the current reporting period;
  - (b) the cumulative amount of Rands received under the Agreement by budget line item; and
  - (c) copies of paid invoices (not proforma invoices), checks, or other documentary evidence showing that funds were expended and the payee received such funds; e.g. an invoice stamped "paid", a cancelled check, a payroll sheet signed by the employee.
2. Cash Advance Status Report in the following format:

USAID CASH ADVANCE STATUS REPORT

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A. Period covered by this report:

From (Month, day, year) \_\_\_\_\_  
To (Month, day, year) \_\_\_\_\_

Period covered by next report:

From (Month, day, year) \_\_\_\_\_  
To (Month, day, year) \_\_\_\_\_

B. Cash Advance and Needs:

1. Cash advance on hand at the beginning of this reporting period R \_\_\_\_\_
2. USAID check advances received during this reporting period R \_\_\_\_\_
3. Interest earned on cash advance during this reporting period R \_\_\_\_\_
4. GROSS cash advance available during this reporting period (total of lines 1, 2 and 3)  
R \_\_\_\_\_
5. LESS, interest remitted to USAID during this reporting period R \_\_\_\_\_

6. NET cash advance available during this reporting period

R \_\_\_\_\_

7. Total disbursements during this reporting period

R \_\_\_\_\_

8. Amount of cash advances available at the end of this reporting period (line 6 minus line 7)

R \_\_\_\_\_

9. Projected disbursements for the next reporting period

R \_\_\_\_\_

10. Additional cash advance requested for the next reporting period (line 9 minus line 8)

R \_\_\_\_\_

11. Total interest earned on cash advance from the start of the grant to the end of this reporting period, but not remitted to USAID

R \_\_\_\_\_

12. Total cash advances to subgrantees, if any, as of the end of this reporting period

R \_\_\_\_\_

C. The undersigned hereby certifies: (1) that the amount in paragraph B.9 above represents the best estimate of funds needed for the disbursements to be incurred over the period described, (2) that appropriate refund or credit to the Agreement will be made in the event of a disallowance in accordance with the terms of the Agreement, (3) that appropriate refund or credit to the Agreement will be made in the event funds are not expended, and (4) that any interest accrued on the funds made available herein will be refunded to USAID.

Date

By

Attachment:

Disbursement Report

#### V. FINANCIAL PLAN

A. The Illustrative Financial Plan for this Agreement is set forth in Table I below. Revisions of this Plan shall be made in accordance with Standard Provision 4 of this Agreement, located in Attachment 3 and entitled "Revision of Agreement Budget." The Recipient is authorized a 15% deviation between line items. However, any deviation above this amount, or any increase in the total Grant, must be approved in advance in writing by the Counselor for Development Affairs.

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Table 1  
Illustrative Financial Plan  
SAR

	Total
Student Assistance Programs	<u>R7,850,000</u>

B. Level of Assistance - The total Rand amount in the Illustrative Financial Plan (Table I) above is the maximum Rand available under this Agreement. The conversion rate from U.S. dollars will be the prevailing rate at the time of conversion by the Controller, USAID/South Africa. To determine the U.S. dollar amount of the Agreement, an exchange rate of R2.6 was used. Notwithstanding the above, in no event will the total level exceed the obligated dollar amount.

Due to exchange rate fluctuations, South African Rands available under any individual line item financed under this Agreement may exceed levels budgeted for by the Trust, and thus allow additional program expenses to be financed as well. In such an event, the Trust may request in writing its proposed priority uses of such funds. If USAID is in agreement with the Trust's proposal, the Agreement will be amended to provide for the authorized expenditures. USAID reserves the right to deobligate any dollars in excess of those needed to fund the Rand budget. However, should changes in the exchange rate result in fewer South African Rands being available than budgeted for, the Trust must finance the shortfall as the U.S. dollar amount prevails.

#### VI. REPORTING AND EVALUATION

A. Reporting: The Trust will provide semi-annual progress reports to USAID summarizing the status of student support provided under this Agreement. Insofar as possible, the Recipient will submit progress reports at the same time as financial reports, i.e. June and December.

B. Evaluation: The Parties hereto agree that, within 12 months after execution of this Agreement, an internal evaluation will be carried out jointly by the Trust and A.I.D. The exact dates for the evaluation will be agreed upon between the Trust and A.I.D. In-depth external evaluations may be required in future years at the discretion of A.I.D. The exact terms of reference for all evaluations will be mutually agreed to by the Trust and A.I.D.

VII. OVERHEAD RATE

Not Applicable.

VIII. TITLE OF PROPERTY

Title to all property purchased under this Agreement shall vest in the Recipient in accordance with the terms of Attachment 3, Additional Standard Provision 19, entitled "Title to and Use of Property."

IX. AUTHORIZED GEOGRAPHIC CODE

The authorized geographic code for all procurement with A.I.D. funds under the Agreement is the United States, the Republic of South Africa and countries included in A.I.D. Geographic Code 935, meaning that all goods and services financed by this Agreement shall have, with respect to goods, their source and origin and, with respect to services, their nationality in the United States, the Republic of South Africa or in other countries included in A.I.D. Geographic Code 935. Please refer to Attachment 5 for a list of countries included in Code 935.

X. LOCAL COST FINANCING

It is hereby specified that the amount of U.S. dollars authorized to be used for local cost financing is the entire amount obligated under this Agreement.

XI. SPECIAL PROVISIONS

A. Prior to the disbursement of funds or to the issuance of any commitment documents under the Agreement, the Recipient shall provide, in form and substance satisfactory to USAID, evidence that proper financial management systems for accounting and record keeping exist with respect to funds provided under this Agreement. If requested by USAID, the Recipient agrees to allow USAID to conduct a financial review to confirm that proper financial management systems exist.

B. Proposals funded under this Agreement must provide demonstrable evidence that the beneficiaries are students at tertiary education institutions that have begun the process of restructuring for a future nonracial educational system by creating access for students disadvantaged by apartheid. Institutional restructuring will be evidenced by steps taken by cooperating institutions, such as the elimination of quotas; modification of admissions criteria; relevant research sponsored by the institution; involvement in community work; and participation by black South Africans in leadership capacities.

C. Students receiving support under this Agreement must be black South Africans, with special consideration given to female students, and students from African and rural areas with working class backgrounds.



D. A.I.D. may require, on a case-by-case basis, advance approval of written proposals from tertiary education institutions to be financed under this Agreement. A.I.D. approval will be based on the written recommendation of the Trustees and certification that the proposal criteria contained in the "Program Description" of this Agreement have been met.

E. Proposals financed under this Agreement should offer creative ways to use student support funds rather than "handout" bursaries. Proposals should place special emphasis on student work-study opportunities that provide practical experience and training in the form of assistantships at the respective university and internships with community organizations or businesses.

F. Proposals must include specific objectives, with measurable impact at the end of the activity. For example, particular students, such as science and math students, third and fourth year students, or graduate students to enable the Recipient to measure the impact of a specific activity.

G. Funds provided under this Agreement are earmarked for the Trust's Student Assistance Fund only and shall not be comingled with funds from the Trust's Academic Institution Assistance Fund.

H. Funds provided under this Agreement may not be used for the purchase of vehicles, building renovations or repair, liquor or consummables, entertainment, fundraising or promotion.

I. Procurement

(1) Scope. This provision is applicable to the extent that local cost financing is otherwise authorized by the Agreement. It does not require procurement in South Africa where off-shore procurement could otherwise occur.

(2) Policy. In the procurement of goods and services in South Africa, the Recipient shall, to the maximum extent practicable, award contracts to individuals or organizations which are disadvantaged by apartheid and which are responsive and appropriate providers of goods and services.

(3) Definitions. Individuals and organizations disadvantaged by apartheid shall mean (1) South African individuals of African, "colored" or Asian descent whose principal place of business is in the Republic of South Africa; and (2) private partnerships or commercial firms which are incorporated in or organized under the laws of the Republic of South Africa, whose principal place of business is in the Republic of South Africa, and which are more than 50 percent beneficially owned by South African persons of African, "colored" or Asian descent. The Republic of South Africa includes the so-called "independent" and "self-governing" homelands.

I. Except as provided in Section B.1. above, all procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, free and open competition.

XII. STANDARD PROVISIONS

The Standard Provisions applicable to this Agreement are contained in Attachment 3, Standard Provisions.

Attachment 2

PROGRAM DESCRIPTION

I. SUMMARY

This Agreement supports the Student Assistance Fund of the Desmond Tutu Educational Trust which finances students studying at tertiary institutions that address the needs of legally and educationally disadvantaged South Africans. Eligible expenses under this Agreement include: student assistantships; student aids such as text books; tutoring programs for students within particular faculties and departments; and work opportunities for students on and off campus.

The most strategic and effective method for the Trust to reach the target students is by working through cooperating tertiary institutions, such as the University of the Western Cape. Only institutions which are engaged in the process of democratization, as further described herein, are eligible for funding under this Agreement. The Trust will solicit, select and finance proposals from tertiary education institutions that meet this Agreement's eligibility and proposal criteria. An estimated 20% of the program costs will be made available for the Trust's administrative expenses. No funds will be used for payment of permanent staff salaries or operating costs of the cooperating institution.

II. BACKGROUND

A. Support to Tertiary Education Project (STEP) - This Agreement is financed under USAID's STEP project. STEP is an umbrella project whose goal is, through tertiary training, to ensure that black South Africans are full contributors to and participants in the political, social, economic, and intellectual life of their nation. The project purpose is to prepare and empower black South Africans at selected institutions for positions of leadership and importance in order to promote peaceful change and the transition to a nonracial democracy in South Africa.

STEP activities consist of grant agreements and contracts with various U.S. and South African organizations identified through a process of consultation. Consistent with the overall purpose of the project, these activities include long and short-term training in the United States and South Africa as well as institutional strengthening of organizations involved in tertiary education.

B. The Desmond Tutu Educational Trust - The Desmond Tutu Educational Trust (The "TRUST") was established on July 24, 1990 to "solicit, accept, and administer donations to be applied for the purpose of redressing educational

disadvantages experienced by black students in the Republic of South Africa, resulting from structural and legal discrimination, based upon race, class, beliefs or social background." There are two separate funds within the Trust: the Student Assistance Fund and the Academic Institution Assistance Fund.

Funding under this Agreement will be provided only to the Student Assistance Fund. While the objectives of the Student Assistance Fund include the provision of bursaries, scholarships, student loans, academic support programs, pre- and post-admission assistance, and student accommodation, subsistence allowances, study materials, essential travelling, and other necessary support and facilities, USAID support will focus on the following: student assistantships; student aids such as text books; tutoring programs for students within particular faculties and departments; and work opportunities for students on and off campus.

The Trust is administered by the Board of Trustees which regulates the Trust's procedures. As detailed in the Deed of Trust, there will be a minimum of five Trustees and, at meetings of the Board, each Trustee will have one vote. The quorum necessary for the transaction of any business by the Board will be three Trustees. At present there are only four Trustees: Archbishop Desmond Mpilo Tutu, Professor Gert Johannes Gerwel, Doctor Jacques Charl de Villiers and Reverend Lionel Ronald Louw. The Trust is entitled to operate and collect contributions within the entire Republic of South Africa.

### III. PROBLEM

Black South African students experience a variety of problems at tertiary education institutions. Among these are unrealistic admission policies that do not allow a clear profile to emerge of potentially successful black students; insufficient financial aid for tuition and accommodation fees to meet the demand; curricula that often do not include the essential preparatory programs in Mathematics, Physics and English for black students; and lack of meaningful on- or off-campus work opportunities for blacks.

South African tertiary education institutions are beginning the process of "democratization" which addresses the above problems. However, universities wishing to restructure to meet the needs of black students are limited in the number of students they can accept. This is due to South African Government (SAG) policies that make no provisions for remedial education for blacks that have received an inferior "Bantu" education, yet require that students qualifying for subsidies meet State-prescribed admissions criteria. The result has been indirect SAG control of the number of blacks who have access to tertiary education.

In this context, the Trust, which works through cooperating institutions such as the University of the Western Cape, is considered to be the most strategic method of reaching black students and effectively addressing their needs.

#### IV. PURPOSE

The purpose of this Agreement is to enable the Trust to contribute to the redressing of the educational imbalance caused by apartheid by creating tertiary education opportunities for disadvantaged students; promoting accessibility by disadvantaged students to tertiary institutions engaged in the process of democratization; and enhancing the chances of academic success of disadvantaged students at tertiary institutions.

#### V. PROGRAM DESCRIPTION

Funds under this Agreement will be used to support direct student activities and costs at eligible tertiary education institutions. Activities eligible for funding by the Trust depend upon individual proposals, but may include: 1) work-study opportunities; 2) tutorials; 3) counselling and orientation; and 4) textbooks and study aids. Support may be provided for undergraduate as well as graduate students beginning in the 1990 academic year. An estimated 20 percent of program funds will be used to partially finance the administrative costs of the Trust.

The Trust is responsible for soliciting, selecting and financing proposals from cooperating institutions in accordance with the criteria indicated below. A program coordinator and support staff will be hired by the Trust, as required for program administration. The Board of Trustees will meet regularly, a minimum of once a year.

A. Proposal Criteria - Proposal criteria are very important in ensuring that the Trust promotes the students in only those institutions actively engaged in the process of restructuring. Moreover, detailed criteria encourage greater fiscal and managerial responsibility from institutions seeking funding. It is the responsibility of the Trust, in consultation with A.I.D., to ensure that proposals are selected in accordance with these criteria:

1. The cooperating tertiary institution must show concrete evidence that the process of restructuring has begun for a future nonracial educational system. Such steps as the elimination of quotas, modification of admissions criteria, relevant research sponsored by the institution, involvement in community work, and participation by black South Africans in leadership capacities, constitute evidence of restructuring.

2. The cooperating institution must demonstrate that it has the administrative, technical and financial management capability to successfully implement the program, including the availability of a qualified program coordinator who will serve as the contact person for the Trust and A.I.D.

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3. The cooperating institution must provide evidence that the funds provided under the Agreement will be used exclusively for disadvantaged South Africans, according to the definition in Section XI of this Agreement.

4. Proposals must provide a detailed description of the activities to be funded (including student benefits) and specific plans of how the activities will be implemented. The plans should include the staff and number of students participating and a timetable for required implementation actions.

5. Proposals must provide a plan for the competitive recruitment and selection of students that will receive support.

6. The proposal must be for the specific purpose of direct student assistance and shall not request funding for activities or costs that would normally be funded by the cooperating institution. No direct benefit shall accrue to the cooperating institution. For example, no funds shall be used for payment of permanent staff salaries or operating costs of the cooperating institution.

7. To the extent practicable, the program described in the proposal must have specific, measurable objectives.

B. Administration - Funds are available under this Agreement to finance up to 20% of eligible program administration expenses of the Trust including, but not limited to, the following: coordinator's salary; rent and utilities; and honoraria for the trustees (to cover their expenses).

C. Management - A.I.D. oversight will consist of periodic meetings with the Trust's coordinator and recipient cooperating institution representatives. As stated in Section VI., entitled Reporting and Evaluation, the Trust agrees to submit reports on a semi-annual basis. Timely, detailed reports will be instrumental in monitoring the effectiveness of the Trust.

AID may require advance approval of proposals funded under this Agreement. Such approval will be based on a written recommendation of the Trustees certifying that the proposal criteria have been satisfied.